



Governor's Task Force on the Study of Kentucky's Alcoholic Beverage Control Laws

Licensing Committee Meeting – August 29, 2012

Committee Chair – Stephanie Stumbo, Kentucky ABC Malt Beverage Administrator

Minutes

A meeting of the Governor's Task Force Licensing Committee was held August 29, 2012 at 9:00 a.m. at the offices of the Department for Local Government, 1024 Capital Center Dr., Ste. 340, Frankfort, Kentucky.

Introductions: Chair Stephanie Stumbo introduced Commissioner Wilder, Department for Local Government, and he welcomed the group to their offices.

Opening Remarks: Committee Chair Stephanie Stumbo called the meeting to order and welcomed all attendees. She announced the importance of having valid email addresses for members and participants. In the future, committee information and documents will be sent via email. Documents too large to email will be posted on the Task Force website.

Roll Call:

Committee Members Present: – Jitter Allen, Larry Bond, Mayor Tom Bozarth, Scott Jones (representing Representative Larry Clark), Commissioner Tony Dehner, Jennifer Doering, Gay Dwyer, Eric Gregory, John Harris, Senator Jimmy Higdon, Representative Dennis Keene, Lowell Land, Roger Leasor, Administrator Danny Reed, Administrator Stephanie Stumbo, Secretary Bob Vance, Adam Watson, Neil Wellinghurst.

Committee Members Absent: – Representative Clark (but was represented by Scott Jones), Dan Meyer

Others Present: Stephen Amato, Bryce Amburgey, Dianne Andrews, Barbara Atwood, Jason Baird, Dick Brown, LaTasha Buckner, Jeff Busick, Leo Camp, John Clay, Sam

Crain, Virginia Davis, Angie Donahue, Ron Geoghegan, Becky Gorman, Steve Humphress, Renee Jackson, Pam Jenkins, Stacy Kula, Caitlin Lally, Karen Lentz, Tyler Madison, Ted Mason, Bert May, Tara McGuire, Tim McGurk, Gene McLean, Chris Nolan, Ashley Parrott, Judy Piazza, Dave Pickerell, Mike Peters, Leigh Powers, Molly Ray, Sonya Semones, David Smith, Jason Trudeau, Janet Williams, Russ Woodward.

Overview of Committee:

The Chair opened by stating through the creation of the Task Force by Governor Beshear, that the Committee had a unique opportunity to make positive changes and overhaul Kentucky's licensing process and scheme. One key component of Kentucky's overall regulatory structure is our licensing scheme which crosses all three tiers and affects all of the alcoholic beverage industry.

The purpose of the meeting is educational to introduce the materials and attempt to get all participants on the same page and lay foundational information to begin work. The Chair impressed upon the Committee to remain focused on the goals and objectives of the Committee and not personal agendas or agendas of those they represent. Obstacles facing the Committee are the size of the committee itself, along with the volume of work and restrictive 4 month timeframe for recommendations. It was advised that if topics were raised that are not on subject matter they will be captured but tabled and revisited by the Committee at a later time not to derail working progress of the Committee. If a pressing topic that is lengthy and poses issue to derail or distract the Committee off topic, the Chair will seek comments to be submitted in writing and tendered by a set date so that it may be published for the full Committee for review and decision and/or discussion at a subsequent meeting. Lastly, if during discussions a point bogs the Committee down the Chair shall look to the Governor appointees for consensus to continue to move the Committee's work forward.

Goals: The goal of this Committee is to streamline and modernize Kentucky's alcoholic beverage licensing structure in a manner that will remain revenue neutral or increase revenues while preserving privileges of all existing license types.

The Chair stated that all efforts should continue to preserve the three tier system currently in place and must avoid creating any budget shortfalls.

Objectives: Evaluate the need of existing licensing types and criteria for licensing and develop tangible recommendations to create a series of general license types that would consolidate and reduce the number of licenses; Identify & create recommendations to correct current statutory problems within the licensing structure; Identify & create recommendations to correct inconsistencies within the licensing structure; Update the existing fee schedule; Simplify licensing process and make the process more user friendly.

Timeline and Required Deliverables: The final report of recommendations from this Committee is due to the Task Force in late November 2012 or early December 2012. At the end of each meeting, the minutes will be sent electronically to each member for review and identification of errors. Progress reports will be given by the Chair to the Task Force at each of their regular meetings. A final report from the Task Force is due to the Governor in January 2013.

Materials & Logistics: Binders were distributed to each Committee Member containing educational, historic, and other information relating to Kentucky's current licensing process, as well as other states licensing processes. The Chair introduced Dianne Andrews, with the Governor's Office to serve as the Committee's scribe and advised the Committee Members that all meetings would be audio recorded to assist the Committee's staff with notes and meeting minutes. Sam Crain and Angie Donahue were also introduced as the staff maintaining the record and notes for the meeting.

Licensing Overview: Steve Humphress gave an overview of the history of Kentucky's alcoholic beverage licensing process and statutory authorities from 1919 to present. In 1942 Kentucky had 16 distilled spirits and only 6 malt beverage "beer" licenses types. From 1942-1979 Kentucky added only 10 additional licensing types to the original 22. In the 1970's-1980's the industry saw rapid changes and the franchise law come into play. Since the 1980's Kentucky has added the additional 51 licensing types to the licensing scheme known today. Humphress discussed where we are now, the changes in licensing types as result of a variety of special elections and other changes and issues the structure presents us now. Discussion continued with the importance to correct existing limitations with current statutes to align with vast changes within the industry itself. Humphress cited specific examples of multi-layer ownerships and impacts on compliance with existing licensing process and statutory requirements. The Chair impressed upon the group that a key goal is to streamline the licensing types. It was reinforced to the group that the Committee would not abolish any privileges of an existing licensing type. Nor create any new types or privileges not already authorized in statute. She stated that Kentucky has several unique licensing types that may not be able to be merged and may need to remain separate. It was stated, progress can be made by seeking improvements that would simplify and modernize the existing licensing types. The Committee was reminded that there are even additional licensing types at the local municipal jurisdictions that the state does not control.

Research Needs & Assignments: Discussion was provided on the efforts of State ABC and their inquiries to all 50 states and provided an overview of the responses and the 6 states identified as having the least number of licensing types and simple licensing schemes. The importance of particular working documents was noted by the Chair, and Members were asked to review certain documents prior to the next meeting, especially

information gathered from other states' licensing types and the review of Kentucky's statutes and list of licensing types. Members are to review materials and be prepared to generate ideas and recommendations on how Kentucky's existing licensing types might be merged. To review the other states information and identify to share with the Committee at large any licensing schemes or types that might work for Kentucky or should be looked at and why. Sub-committees, smaller working groups and research teams will be formed as needed for assist with the work of the Committee for future meetings.

Next Meeting Date(s): The next meeting of the Licensing Committee will be Tuesday, September 11, 2012 from 9:00 a.m. – 10:30 a.m. at the offices of the Department for Local Government, 1024 Capital Center Dr., Ste. 340, Frankfort, Kentucky. This Committee will have regular meetings the 2nd Tuesday of each month through December 2012 at the same location. Other meetings will be scheduled as needed. Sub-committees or working groups will be determined as needed and when they shall meet. The Chair advised emails would be sent out to the volunteers with information and guidance on researching other states licensing schemes.

Member Input: John Harris asked if there are any existing license types that are not currently held or being used by a licensee. Jason Baird questioned if the scope of this Committee would include class city information. That issue will be addressed at the Local Option Committee. Stacy Kula requested that assignments be emailed. The Chair confirmed. Gay Dwyer requested a consideration that the October 9th meeting be changed to a different date. This matter will be discussed at the September 11, 2012 meeting.

Adjournment: The Licensing Committee meeting was adjourned at 10:15 a.m.